



APPROPRIATIONS UPDATE

HOUSE COMMITTEE ON THE BUDGET
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FURTHER CONTINUING APPROPRIATIONS FOR FISCAL YEAR 2003 (H.J.RES. 124)

SUMMARY

This resolution, the fifth continuing resolution [CR] for fiscal year 2003, provides for the continued operations of the Government through 11 January 2003. The measure is necessary because regular appropriations for the fiscal year – which began on 1 October 2002 – had been enacted only for the military and civilian activities of the Department of Defense prior to adjournment of the 107th Congress.

In general, the CR funds all projects or activities authorized in fiscal year 2002 (other than one-time spending for emergency response activities) at the same rate of operations until either: 1) the enactment of an appropriation act

covering the project or activity; or 2) the expiration of the CR. In addition, the CR addresses funding anomalies that would result from the continuation of certain provisions contained in last year's appropriations bills (see further discussion below). The CR does not allow the initiation of new activities.

Excluding the one-time emergency spending, the resolution provides a level of nondefense budget authority [BA] that is \$2.9 billion above the fiscal year 2002 current rate of operations, but \$6.4 billion below the amount contained in the President's budget request.

COST OF THE LEGISLATION

Under congressional procedures, the cost of a short-term continuing resolution is determined on an annualized basis, which makes the assumption that the bill would extend for the entire fiscal year. The Congressional Budget Office [CBO] estimates that the CR would provide \$376.6 billion in discretionary budget authority for fiscal year 2003. That amount is \$11.7 billion below the fiscal year 2002 amount (see Table 1 below), including the cost of one-time appropriations. This CR explicitly provides that \$14.6 billion of one-time appropriations identified by the Office of Management and Budget (in its *Budget Bulletin* to agencies)

are to be removed from computations of the current rate of operations. Therefore, a more meaningful comparison removes the spending from the fiscal year 2002 figure. That comparison shows that nondefense discretionary spending in the CR is \$2.9 billion above the current rate of operations.

More than 95 percent of that increase results from technical factors, such as spending increases for fee-based programs, assumed in CBO's construction of the spending "freeze" baseline. The remaining 5 percent occurs because of certain funding anomalies, discussed in more detail below.

Table 1: Continuing Appropriations for Fiscal Year 2003
Subcommittees Other Than Defense and Military Construction
(fiscal years; millions of dollars)

	2002 Enacted	Administration 2003 Request	302(b)s for 2003	CR
Budget Authority	388,258	382,919	383,766	376,556
Outlays	398,928	424,757	429,660	420,227

(continued on reverse side)

This document was prepared by the majority staff of the House Committee on the Budget. It has not been approved by the full committee and may not reflect the views of all the committee's members.

The CR is \$6.4 billion in BA below the administration's request, and \$7.2 billion below the total of the 302(b) allocations made by the House Appropriations Committee (see Table 2 below). This means the House will have \$7.2 billion in new spending authority available to resolve differences over funding levels relative to current rates when it completes consideration of appropriations measures next

year. That is \$847 million higher than requested by the President; and it would be augmented by \$1 billion if the Labor-HHS bill includes adequate funding to cause the release of the special education reserve fund in the budget resolution. Assuming release of that reserve, the House allocation provides for a 3.0-percent increase in nondefense BA above the fiscal year 2002 recurring spending base.

Table 2: Difference Between CR and President's Request and 302(b) Allocations
Subcommittees Other Than Defense and Military Construction
(fiscal year 2003 budget authority, in millions of dollars)

	Request	302(b)s	Difference
Budget Authority	6,363	7,210	847
Outlays	4,530	9,433	4,903

COMPLIANCE WITH THE BUDGET RESOLUTION

The CR in the aggregate complies with the House Concurrent Resolution on the Budget for Fiscal Year 2003 (H.Con.Res. 353). As shown above, the amount of new BA does not exceed the total amount available under the 302(b) allocations of the House Appropriations Committee, so that the 302(a) allocation is not breached. For three Appropriations subcommittees – Commerce, Justice, State; Transportation; and Foreign Operations – the amounts of

new BA provided by H.J.Res. 124, when added to the current level of discretionary BA, is above the respective 302(b) allocations. Nevertheless, budgetary aggregates for budget authority and outlays are not exceeded, so there is no violation of section 311(a) of the Congressional Budget Act, which prohibits the consideration of legislation exceeding the aggregate levels of budget authority and outlays established in the budget resolution.

ANOMALIES AND AUTHORIZATION ISSUES

This CR continues the modifications previously established to address funding anomalies. The following provisions add to the discretionary cost of the resolution:

- Permitting higher rates of operations for the Transportation Security Agency and the Victims Compensation Program funded by fiscal year 2002 transfers.
- Continuing the ability of the Medicaid Program to pay the Medicare Part B premiums for certain beneficiaries.
- Permitting the Securities and Exchange Commission to use increased fee collections during fiscal year 2003 to increase the current rate of operations.
- Funding a scheduled rental increase for the Commodity Futures Trading Commission.
- Continuing certain fees paid to the Veterans' Administration.

- Establishing, for purposes of administering the CR, an annual rate of operations of \$31.8 billion for the Federal-Aid Highways program.

In total, these provisions add \$90 million to the BA provided by the resolution, and reduce outlays by \$363 million.

In addition, the CR provides the following changes to mandatory spending and revenues:

- Continuing transitional Medicaid payments for participants in welfare-to-work programs.
- Prohibiting the collection of certain pesticide fees that are counted as revenue.

The \$145-million cost of the Medicaid payments counts against the allocation of the Committee on Ways and Means. The \$25-million reduction in fees from the pesticides provision counts against the budget's revenue allocation.

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